



City of Phoenix

Mission Statement

To improve the quality
of life in Phoenix
through efficient
delivery of outstanding
public services.

Project Team

Ross Tate
City Auditor

Leigh Ann Mauger
Deputy City Auditor

Dawnasie Martin
Associate Auditor

Project Number

1230043

This report can be made
available in alternate
format upon request.

Office of Environmental Programs Environmental Facility Assessments

June 23, 2023

Report Highlights

Assessments

The Office of Environmental Programs completed assessments in compliance with its internal procedures; however, the database used to track its assessments is unsupported and inefficient.

Employee Training

All staff who performed the assessments were current with required training.

City Auditor Department
140 N 3rd Avenue Phoenix, AZ 85003
602-262-6641 (TTY use 7-1-1)

Executive Summary

Purpose

Our purpose was to determine if the Office of Environmental Programs (OEP) had controls in place to ensure that the Environmental Facility Assessments (EFA) were conducted and that findings were resolved.

Background

Administrative Regulation 1.54 details the responsibilities of OEP. One of OEP's functions is oversight of all EFAs. These assessments aid the City in achieving environmental excellence through stringent monitoring conducted by Environmental Quality Specialists (EQS). The reviews provide a measure of protection to ensure the City's operating units maintain a culture focused on regulatory compliance related to:

- Hazardous materials and waste
- Universal waste
- Drywells
- Pesticides
- Stormwater
- Air quality

There are two categories of assessments: standard facilities, assessed every three years; and high-priority facilities, assessed annually. High-priority facilities are any site that meets the criteria of the Municipal Separate Storm Sewer System (MS4) permit, which is governed by the Arizona Department of Environmental Quality (ADEQ). OEP uses a Microsoft Access database to track and document its assessments.

We reviewed City, state, and federal guidelines, OEP's policies and procedures, and employee training records. In addition, we interviewed staff and conducted field testing to evaluate compliance.

Results in Brief

OEP completed assessments in compliance with its internal procedures; however, the database for tracking its assessments is unsupported and inefficient for program needs.

OEP procedures identify the steps the specialists must complete when preparing and conducting a site assessment. We observed specialists perform their reviews. We tested four assessments on six process requirements and found that all inspections had completed the six test areas. OEP used an Access database to track the assessments and maintain documentation. City Information Technology Services (ITS) no longer

supports the program. In addition, the database has limited functionality. It is inefficient for tracking OEP assessments and outstanding recommendations. Staff explained that the procurement for a new system was still under review with Finance and ITS.

All staff who performed the assessments were current with training requirements.

We obtained the certificates from each of the three specialists for the training courses offered by Occupational Safety and Health Association (OSHA), Resource Conservation and Recovery Act (RCRA), Department of Transportation (DOT), and Municipal Stormwater. We confirmed that all specialists were compliant and current with the required training.

Department Responses to Recommendations

Rec. #1.1: Work with ITS and Finance Department to finalize the procurement of a new tracking system for EFAs.

Response: OEP is actively working with both IT and Finance on a new cloud-based EFA database.

Target Date:
12/1/2023

Explanation, Target Date > 90 Days: OEP has been working with both IT and Finance to replace the failing EFA database for several years. We received approval from IT in 2020 to look at an outside resource since existing City IT products did not have the capability of supporting the EFA process. OEP is currently working with a vendor on a pilot project for a cloud-based service that can replace the EFA database. Capabilities of the pilot service include:

- the ability to sort and prioritize all applicable City properties for EFAs and the ability to sort by inspection results from all previous inspections;
- detailed reporting based on type of violation, type of inspection, inspection results over time and by department or by location, and high priority inspections vs routine inspections;
- ability to import and utilize photographs, GIS attributes, automatically notify when inspections are due, and support field input with smart devices;
- seamlessly communicate inspection results to many viewers and stakeholders.

OEP anticipates the pilot will be complete in late summer of 2023, including transfer of all existing inspection data. At this time the pilot project is progressing very well. After implementation of the pilot, a new contract should be executed by 12/1/2023 based upon the contract extension provided by Finance on 5/4/23. The new service will be subscription-based, with all maintenance responsibilities borne by the vendor.

Rec. #1.2: Reclassify the 45 active sites to inactive and develop a process to annually review the active facility list for accuracy.

Response: Within 45 days OEP will correct the EFA Database by designating sites as Inactive, as appropriate. On an annual basis, OEP will review the list of Facilities by assigning each Environmental Quality Specialist a task of reviewing the Facilities owned by their assigned Departments during the January/February annual Tier II reporting season.

Target Date:
8/4/2023

1 – Assessments

Background

OEP policies and procedures outline the department's goals for complying with industry best practices by completing a minimum of 90 assessments annually. However, the MS4 permit only requires OEP to assess 20% of active facilities. OEP divides EFAs by department and area of expertise of the EQS responsible for conducting the EFA. The Environmental Programs Coordinator (EPC) monitors the database to ensure EFAs are completed and any findings are remedied.

The EQS uses the same assessment checklist for standard and high-priority facilities. In addition, each EFA is approached with the same process: a pre-visit review, assessment, documentation of findings, and report submission. The EQS and Department Liaisons work together to determine due dates for remediation for any results. Departments are given up to 90 days to remedy any findings.

In July 2021, ADEQ renewed the City's MS4 permit for five years. The permit authorizes the City to discharge stormwater from the MS4 outfalls to the waters of the United States. Section 4.5.B.2 requires the City to develop a high priority list using the factors specified in the permit. OEP is responsible for ensuring these facilities comply with the permit and are assessed annually. OEP designates a site as high-priority if:

- It maintains a large quantity generator on site;
- It is a multi-department location with a Facility Stormwater Plan; or,
- It is located within a quarter mile of protected surface water.

Our goal was to substantiate that there were controls in place to ensure that OEP complied with EFA procedures and the MS4 permit guidelines. Accordingly, we interviewed OEP staff, observed assessments, tested completed EFAs, and evaluated the remediation process.

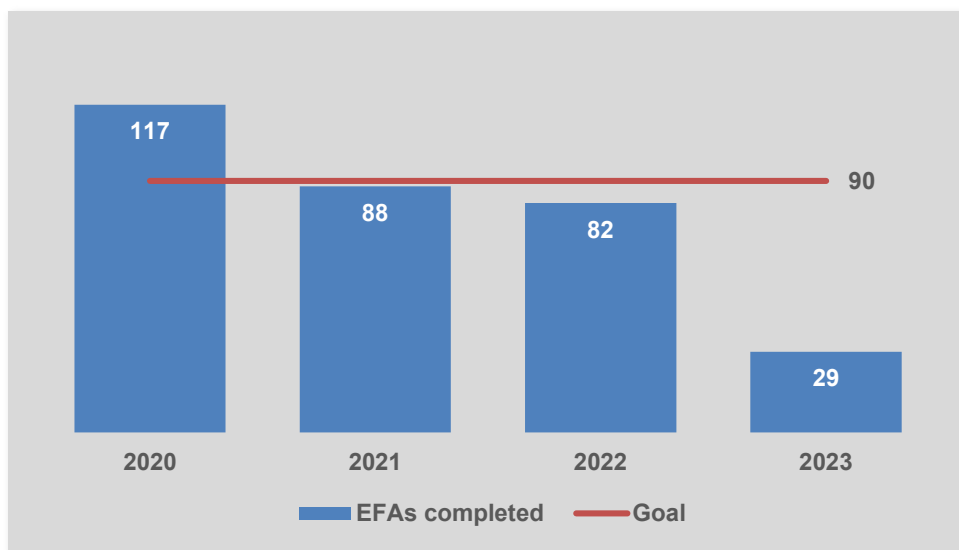
Results

OEP exceeded its assessment goal in 2020, fell short in 2021 and 2022, and is on target to meet its goal for 2023.

We reviewed all EFAs completed from January 2020 through March 2023 to determine if the 90 assessments per year goal was met. For the past three years, OEP averaged 96 annual inspections; mainly due to 117 reviews being completed in 2020. OEP staff explained that their primary focus is to work on Citywide environmental issues with departments and their secondary focus is to complete the assessments. The EPC reported that in 2020 they were able to increase assessments as City departments reduced other environmental activities because of the pandemic. The EPC advised that as City operations returned to normal in 2021 and 2022, the number of assessments that they completed declined. For 2023, OEP met its first quarter goal of 30

assessments, and is on target to complete 90 assessments by the end of the year. In addition, OEP consistently met the MS4 Permit requirements of assessing 20% of its active sites, which is 75. This analysis was completed on a calendar year and not fiscal as required by the MS4 permit.

Assessments by Year



For the past three years, OEP has averaged 96 assessments per year.

OEP completed EFAs in compliance with its internal procedures; however, the database for tracking assessments is unsupported and inefficient for program needs.

OEP procedures identify the steps that the EQS must complete when preparing and conducting an EFA. We interviewed staff and observed each EQS conduct an EFA. In addition, we tested four EFAs on the following six requirements:

1. Pre-visit assessments were completed.
2. Department representatives were present at the assessments.
3. Thorough assessments of the entire facility were completed.
4. Findings were documented in writing and supported with photographs.
5. The report and photographs were submitted to the departments within seven days of the assessments being completed.
6. Documentation of the remediation of any findings were in the tracking database.

We found that all six test areas were completed in the four assessments we selected. Each pre-visit evaluation included a review of prior EFAs conducted on the facility, a review of the Safety Data System (SDS), and a review of prior findings. Email

confirmations of the assessments were received from each Department Liaison, and each EQS had applicable permit information and previous EFA reports available for reference during the assessment. In addition, we confirmed that the reports and photographs were completed within seven days and were provided to the department.

OEP uses a Microsoft Access database to track and maintain EFA documentation. City Information Technology Services (ITS) no longer supports this program. OEP staff reported that in 2021, the database was wiped entirely from the City network. ITS was able to recover the data and clone the database. ITS placed the program on an isolated drive, and restricted access to two users at any given time. The database had limited functionality and was inefficient for tracking OEP assessments and outstanding recommendations.

OEP staff reported collaborating with a vendor last year on a new cloud-based tracking system. However, staff explained that the procurement for the system was still under review with Finance and ITS.

OEP assessed all high-priority facilities within the past year.

We reviewed the eight sites identified on the high-priority tracking sheet that were considered MS4 facilities. We compared the tracking sheet to the 2021-2022 MS4 Annual Report and confirmed all eight facilities were documented in the report. OEP policy requires that high-priority facilities be assessed annually based on the fiscal year. We reviewed the assessment report for each facility and verified that they were evaluated within the past year. There was a total of 17 findings documented within the reports. The departments resolved all the findings; however, the Water Services Department (Water) Cave Creek Yard resolved its five findings by an average of 52 days past the due date. According to the EFA report, once the delay in response was escalated to Water management, all the findings were resolved.

OEP completed an assessment of all active facilities; however, 83 standard sites had yet to have an EFA conducted within the past three years.

OEP policy requires that standard facilities are assessed every three years. OEP provided a historical list of all EFAs completed within the past 27 years (7,520 records). We cross-referenced this report to the 374 facilities documented on OEP's active facility list. Of that 374, we identified 84 active facilities that had never had an assessment, or had not had one within the past three years. We noted that the Executive Terminal at Sky Harbor Airport was the only facility that had not had an EFA. Management confirmed that the Executive Terminal is closed and non-operational.

OEP did not have a record of an EFA being completed for the remaining 83 facilities within the past three years. We provided OEP with the list of the 83 facilities, and they addressed the status of each facility. OEP staff indicated that most of the sites were inactive or scheduled to receive an assessment in the following year.

Unassessed Sites

Explanation	Number
EFA was completed	7
EFA is scheduled to be completed	31
Inactive site	45

45 facilities are inactive.

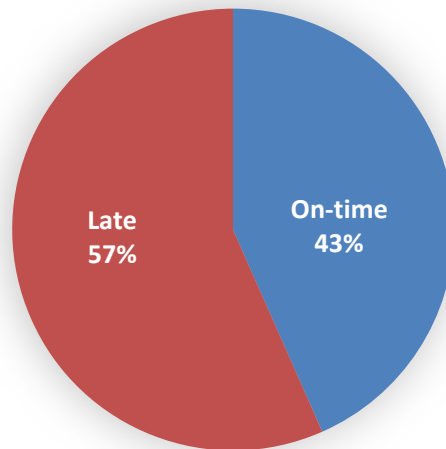
OEP staff confirmed that six sites had an EFA after the data was pulled for our testing, and one site had an assessment, but it was not captured in the database. Of the 31 sites that are scheduled for an EFA, four were pools that are scheduled to be reviewed in 2024. The prior MS4 permit requires that pools be assessed every four years. OEP reported that the other 27 facilities are scheduled to be assessed by the end of calendar year 2023. In addition, OEP staff reported that 45 of the sites were inactive and incorrectly captured in the database. OEP staff stated a new database could automate the scheduling of EFAs and provide date-driven notifications of sites that need to have an EFA completed.

We also reviewed a list of all City facilities provided by the Public Works (PW) Department and compared those facilities to OEP's active facility list. We selected five facilities from the PW list that qualified for an EFA but were not listed in OEP's database. OEP provided documentation that four out of the five facilities had a recent EFA. OEP staff explained that the mismatch resulted from the addresses between the two lists being slightly different. The remaining facility was an administrative-only site with a non-City tenant.

The departments resolved all EFA findings; however, over half were not remedied by the due dates.

There were 316 EFAs completed from January 2020 through March 2023. We tested a sample of 32 EFAs that had a total of 53 findings. We evaluated the EFA reports to confirm that each assessment included a completed checklist, and that the documented findings had a resolution due date and date of actual remediation. We reviewed the files to determine if the departments met the deadlines to remediate the findings.

Timeliness of EFA Remediation



Departments were late in remediating findings 57% of the time.

There were seven departments in our sample. The Housing and Fire Departments remedied their findings by the due dates. However, the Water, Street Transportation, and Police Departments, on average, did not resolve 80% of their findings by the due dates. The Parks and Recreation Department missed its deadline 25% of the time. The departments generally remedied the findings within 90 days. The Police Department was overdue on three findings, which were corrected within 141 days. OEP stated at the time of that EFA that the Police Department was focusing on the protests occurring in the downtown area. OEP also reported that all departments have improved the timeliness of resolving their findings within the 90-day grace period.

OEP's policy is that the EPC will escalate to department management any findings that are not resolved within 45 days. The EPC will continue to escalate overdue findings until they are remedied. OEP staff provided several reasons for a delay in remediation, such as staffing shortages, lack of vendor availability, or delays in procurement. The EPC and the three specialists manually monitor findings on all open EFAs to ensure they are completed. OEP staff reported that this is another area where a new database would improve and automate the tracking and resolution of findings.

Recommendations

- 1.1 Work with ITS and the Finance Department to finalize the procurement of a new tracking system for EFAs.
- 1.2 Reclassify the 45 active sites to inactive and develop a process to annually review the active facility list for accuracy.

2 – Employee Training

Background

ADEQ MS4 permit Section 4.4.D.1 requires that any employee responsible for conducting EFAs, and is directly involved with stormwater facilities, must satisfy certain training requirements. OEP has three EQSs that complete inspections related to the City's MS4 permit facilities and are subject to the mandatory trainings. OEP's internal procedures also outline the required training for the EQSs. EQSs must complete the following training modules:

- Occupational Safety and Health Association (OSHA) - one 40-hour course; eight hours/annually;
- Resource Conservation and Recovery Act (RCRA) - 24 hours/annually;
- Department of Transportation (DOT) - eight hours/every three years; and,
- Municipal Stormwater - every two years.

To ensure compliance with the MS4 permit and department policies, we obtained the EQS's current training documentation. We confirmed that the EQSs were compliant and current with the OSHA, RCRA, DOT, and Stormwater training requirements.

Results

All EQS were compliant and current with their training requirements.

We obtained the certificates from each of the three specialists for the refresher training courses offered by OSHA, RCRA, and DOT. We confirmed compliance with Stormwater training through a review of class rosters. In addition, we verified that each EQS was current with the other training requirements through a review of certificates. We noted that one employee could not locate his certificate from the original OSHA course he attended in 1989. This EQS was able to document attendance in all other OSHA annual courses. We also noted that the OSHA and RCRA refresher course for all three specialists is due for renewal in May and June of 2023, respectively.

Recommendations

None

Scope, Methods, and Standards

Scope

We reviewed all EFAs completed from January 2020 through March 2023.

The internal control components and underlying principles that are significant to the audit objectives are:

- Control Activities
 - Management should design the entity's information system and related control activities to achieve objectives and respond to risk.
- Control Environment
 - Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
 - Management should demonstrate a commitment to recruit, develop, and retain competent individuals.

Methods

We used the following methods to complete this audit:

- Interviewed OEP staff;
- Reviewed MS4 permit and City A.Rs;
- Reviewed Access database reports;
- Conducted field testing;
- Reviewed employee training records; and,
- Conducted analysis of EFA data to ensure regulatory compliance.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being assessed. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

Data Reliability

We assessed the reliability of EFA data by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that these data were sufficiently reliable for the purposes of this audit.

Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Any deficiencies in internal controls deemed to be insignificant to the audit objectives but that warranted the attention of those charged with governance were delivered in a separate memo. We are independent per the generally accepted government auditing requirements for internal auditors.